

Set Fees

Community associations often charge fees to their membership. Depending on the association, the assessments may be paid monthly, quarterly, or annually. Keep in mind that fees can be a barrier to participation for some when determining fee amount.

At a minimum, fees should cover such costs as:

- Printing materials
- Website hosting
- Food and drinks for meetings
- Room rentals
- Insurance

Some associations offer expanded services to their communities. These fees may be optional to those who opt to receive them. Expanded services can include:

- Landscape and maintenance of common areas
- Social Activities
- Security patrols
- Fees for amenities (pool, tennis court, golf course, exercise room, etc...)

Tips for the Treasurer

Open an account with a local bank.

Hire an accountant to audit finances annually.

Require a second signature to act as a security measure and prevent fraud.

Determine fees/dues, based on actual needs.

Report on the Budget

An annual budget report is usually approved at the annual meeting of the association and clearly identifies itemized expenses and income for the prior year.

Many associations distribute the annual budget of the association and make it available through the Treasurer of the association, as required by the by-laws.

Raise Funds

Steps to Success

1. Set a fundraising goal.
2. Watch for hidden costs.
3. Give yourself and your group time to prepare.
4. Set up specific timeframes and stick to them.
5. Conduct fewer and more effective programs.
6. Stay motivated throughout the program by focusing on your goal.
7. Communicate clearly with all parties involved in the fundraiser before, during and after the program.
8. Recruit volunteers ahead of time.
9. Have fun!

File for 501(c)4 Tax-Exempt Status

A community association should consider tax-exempt status by filing for 501(c)4 status with the IRS. To be eligible, a civic organization must be operated exclusively for the promotion of social welfare and not organized for profit.

Unlike 501(c)3 status, which is talked about next, an 501(c)4 organization may be politically active. Also, contributions to a 501(c)4 are not deductible.

The following are excellent online resources for learning more about 501(c)4 status:

<http://www.irs.gov/charities/nonprofits/article/0,,id=96178,00.html>

http://nonprofitmanagement.suite101.com/article.cfm/what_is_a_501c4_organization

Consider 501(c)3 Tax-Exempt Status

A key reason communities choose to establish a 501(c)3 is to create a foundation for raising money for a community improvement project or charitable activity such as:

- Purchasing recreation center improvements/equipment
- Funding an aging-in-place initiative
- Establishing a local school foundation

Local bar associations may be able to direct associations to "pro bono" or reduced-cost legal services from lawyers experienced in the non-profit sector. In Montgomery County, contact the Maryland Bar Foundation Pro Bono Program at 301-424-7651, if you are looking for assistance. Their address is: 27 West Jefferson Street, Rockville, MD 20850

Online resources for 501(c)3 requirements and forms may be found at:

<http://www.irs.gov/charities/charitable/article/0,,id=96099,00.html>